

1958



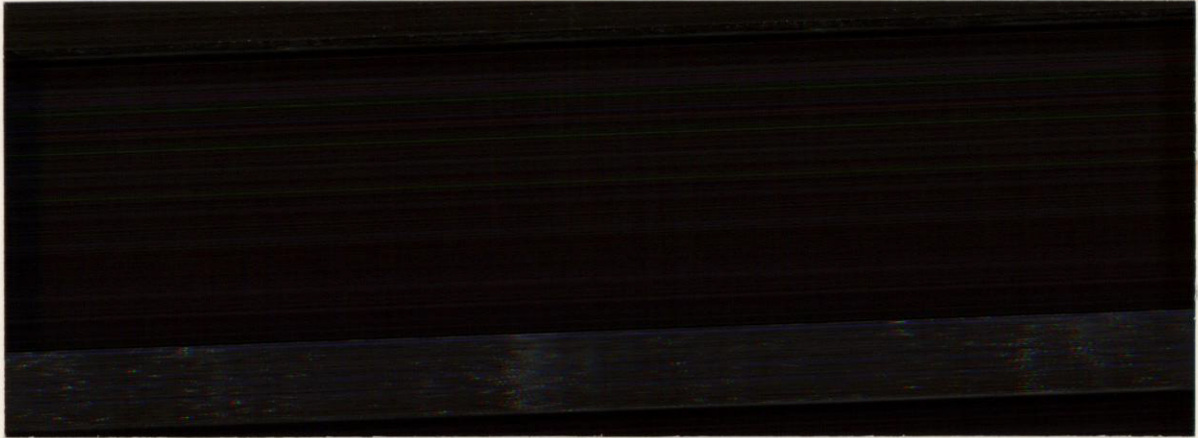
pattern for growth



ANNUAL REPORT 1958
FOOD FAIR STORES, INC.

1933

COVER: Food Fair's first pioneering super-market presents a visual contrast with new Bergenfield, N. J., unit; but old or new, all markets adhere to a principle which has established for the company a pattern of growth unique in the retailing industry.



The brightly lit, wide-aisled interior of this Stratford, N. J., supermarket is a typical Food Fair layout developed over the years and governed by the twin dictates of operating efficiency and customer convenience.



ANNUAL REPORT 1958

For the fiscal year ended April 26, 1958

THE YEAR IN BRIEF

	Fiscal Year (52 Weeks)	
	1958	1957
Sales.....	\$600,963,819	\$545,141,484
Net Income.....	\$9,626,723	\$8,624,604
Net Income per dollar of sales.....	1.6%	1.6%
Net Income per share of common stock based on 3,287,494 shares.....	\$2.85	\$2.54
Dividends Paid in Cash:		
Preferred Stock.....	\$265,808	\$278,292
Common Stock.....	\$3,262,757	\$3,165,433
Earnings retained in the business.....	\$6,098,158	\$5,180,879
Current assets.....	\$60,412,633	\$53,524,118
Current liabilities.....	\$30,091,893	\$23,914,901
Working capital.....	\$30,320,740	\$29,609,217
Number of supermarkets.....	295	273

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The Stratford store exterior illustrates Food Fair's fresh approach to supermarket design. Rigid conformity to a single standard design is avoided.





Samuel Friedland

Louis Stein

TO OUR SHAREHOLDERS:

Another year of growth for Food Fair Stores, Inc. is depicted in the financial statements which are a part of this report. Sales and earnings in the 52 weeks ended April 26, 1958, reached record highs, and the Company's financial condition was further strengthened. Despite bad weather, economic and meteorological, 34 new supermarkets were opened during the year, bringing to 295 the number of links in our eight-state chain.

Shortly following the close of the fiscal year, Food Fair's 300th modern supermarket was dedicated. Its opening was a major milestone, occurring within weeks of the silver anniversary of the opening of the chain's first supermarket in Harrisburg, Pennsylvania, on April 14, 1933. That initial unit, unpretentiously housed in a whitewashed garage, might suffer in comparison with today's modern and gleaming 300th unit; but the soundness of its concept is borne out by the fact that, remodeled and refurbished, it is today still in operation. It was the first bold step in an epic of growth unique in the annals of food distribution.

Food Fair's expansion achievement is the product of careful planning predicated upon faith in the supermarket principle. The steps involved in Food Fair's pattern for expansion as it has evolved over the years are many and complex. In this report, we have attempted to sketch briefly some of these steps, thus providing a closer look at the responsibilities of some of the men and women who have helped to make possible the Food Fair record. To them and to the thousands of others on the Food Fair team, as well as to the more than 10,000 shareholders, without whose support and loyalty the Food Fair story might never have been written, the management sincerely extends its thanks.

Samuel Friedland

Chairman of the Board

Louis Stein

President

Review of Operations

SALES

The steady record of growth which dates back to the opening of Food Fair's first supermarket a quarter century before, continued in the 52 weeks ended April 26, 1958. Sales volume again reached a new high, amounting to \$600,-963,819. This was a gain of 10.2% over the previous peak sales of \$545,141,484 achieved in the prior fiscal year.

EARNINGS

Food Fair carried down to net income during the latest fiscal year a percentage increase comparable with that attained in sales.

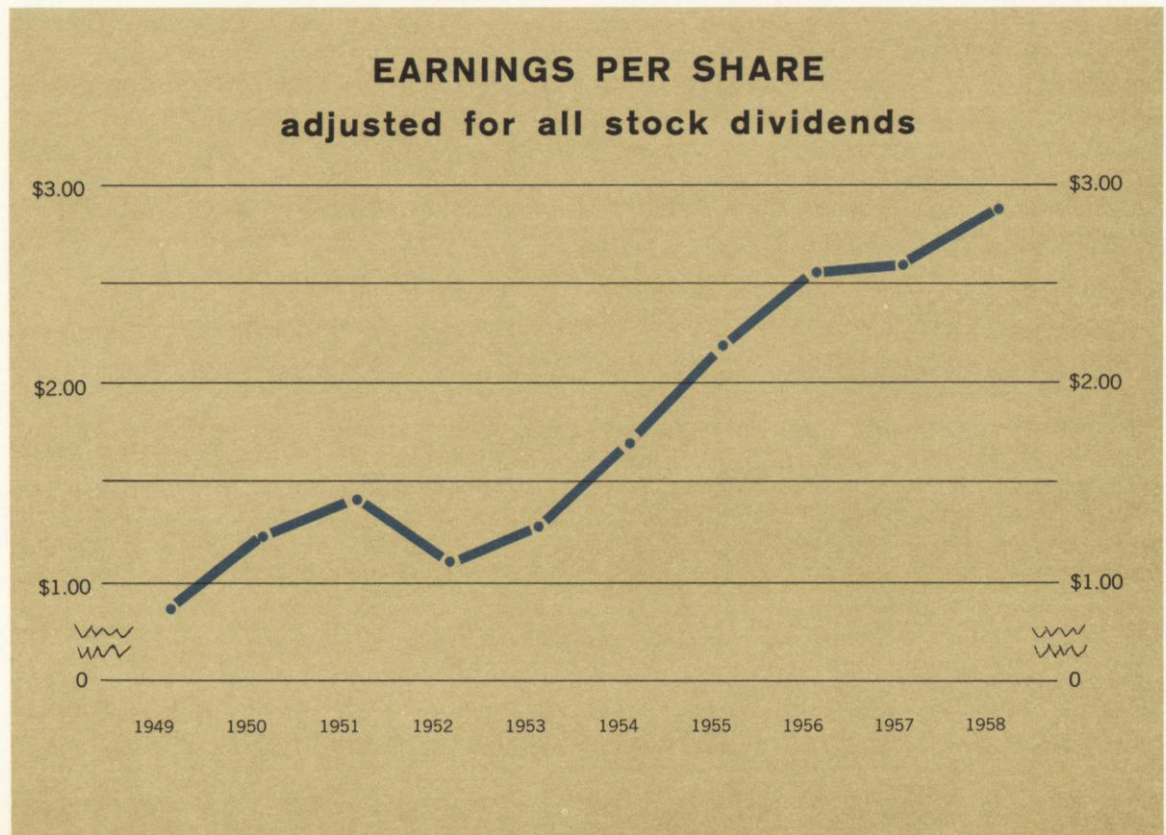
Net income after taxes on income was \$9,626,723. This is 11.6% above the \$8,624,604 net income of the year before.

On the basis of the 3,287,494 shares of common stock outstanding on April 26, 1958, net income was equal after preferred dividend requirements to \$2.85 per share. This compares with \$2.54 per share earned after preferred dividend requirements on the shares of common stock outstanding a year earlier, adjusted for the 3% stock dividend paid in 1957.

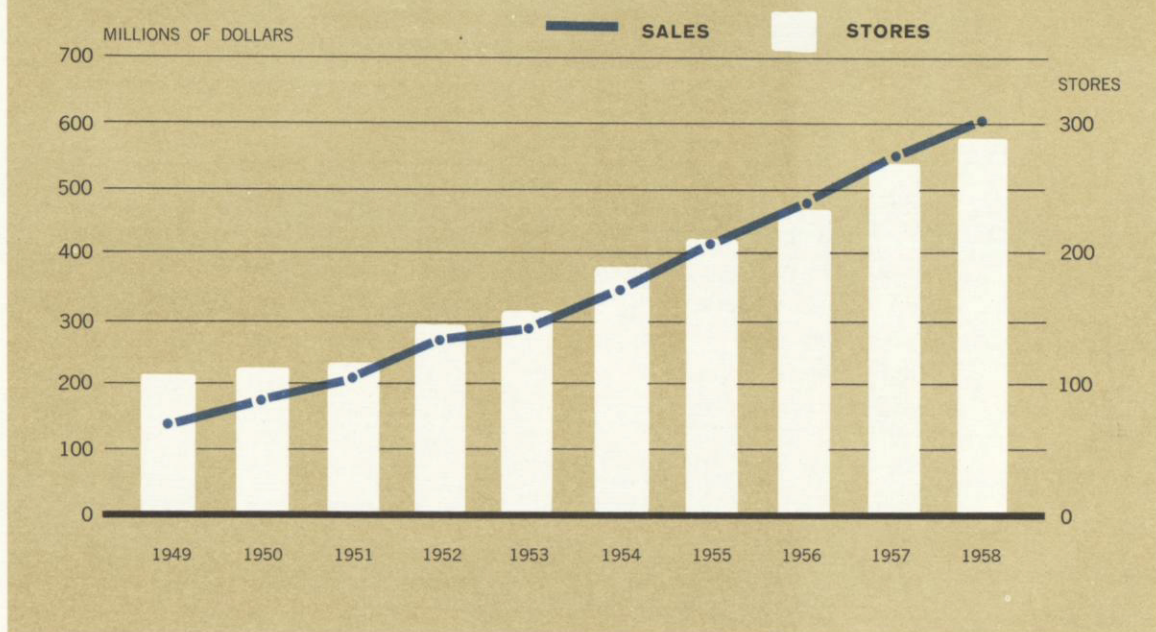
DIVIDENDS

On May 27, 1958, the Board of Directors of Food Fair Stores, Inc. voted to split the common stock, three-for-two, by issuing one additional share for each two shares held by shareholders of record at the close of business July 11, 1958. The distribution date will be August 15, 1958. The stock split is designed to create a broader Food Fair customer-stockholder group.

The Board of Directors has announced its intention to continue the \$1 per share annual dividend rate on the common stock outstanding after the split,



SALES AND NUMBER OF STORES



thereby effecting the equivalent of a 50% increase in the cash dividend rate.

In the fiscal year ended April 26, 1958, regular quarterly cash dividends of 25 cents each were paid on the common stock. A 3% stock dividend was paid August 26, 1957, to shareholders of record on July 12th of that year.

Regular quarterly dividends of \$1.05 per share were also paid on the \$4.20 cumulative preferred stock in the latest fiscal year. The total of cash dividends paid on both preferred and common stocks amounted to \$3,528,565, compared with \$3,443,725 in the previous year.

DIVIDENDS

After payment of dividends there remained from the year's earnings a total of \$6,098,158 which was reinvested in the business. The sum of \$5,180,879 out of the previous fiscal year's earnings was so re-invested.

FINANCIAL CONDITION

Food Fair's working capital on April 26, 1958, increased to \$30,320,740, notwithstanding heavy demands of the Company's expansion program. Cash on hand amounted to \$17,238,584, and total current assets were \$60,412,633 against current liabilities of \$30,091,893. The Company's inventories of merchandise and supplies on April 27, 1958, totaled \$35,618,073, compared with \$32,385,798 the year before. Outstanding long term debt at the fiscal year-end was reduced to \$30,845,963 from \$31,644,677 a year earlier.

The number of common shares outstanding at the year-end was 3,287,494, compared with 3,190,736 the year before. Of the increase, 95,723 shares resulted from the payment on August 26, 1957 of a 3% stock dividend, and 1,035 from the exercise of stock options by employees. Through operation of a sinking fund, the number of shares of preferred stock was reduced by 3,150, to 62,325.

CAPITALIZATION

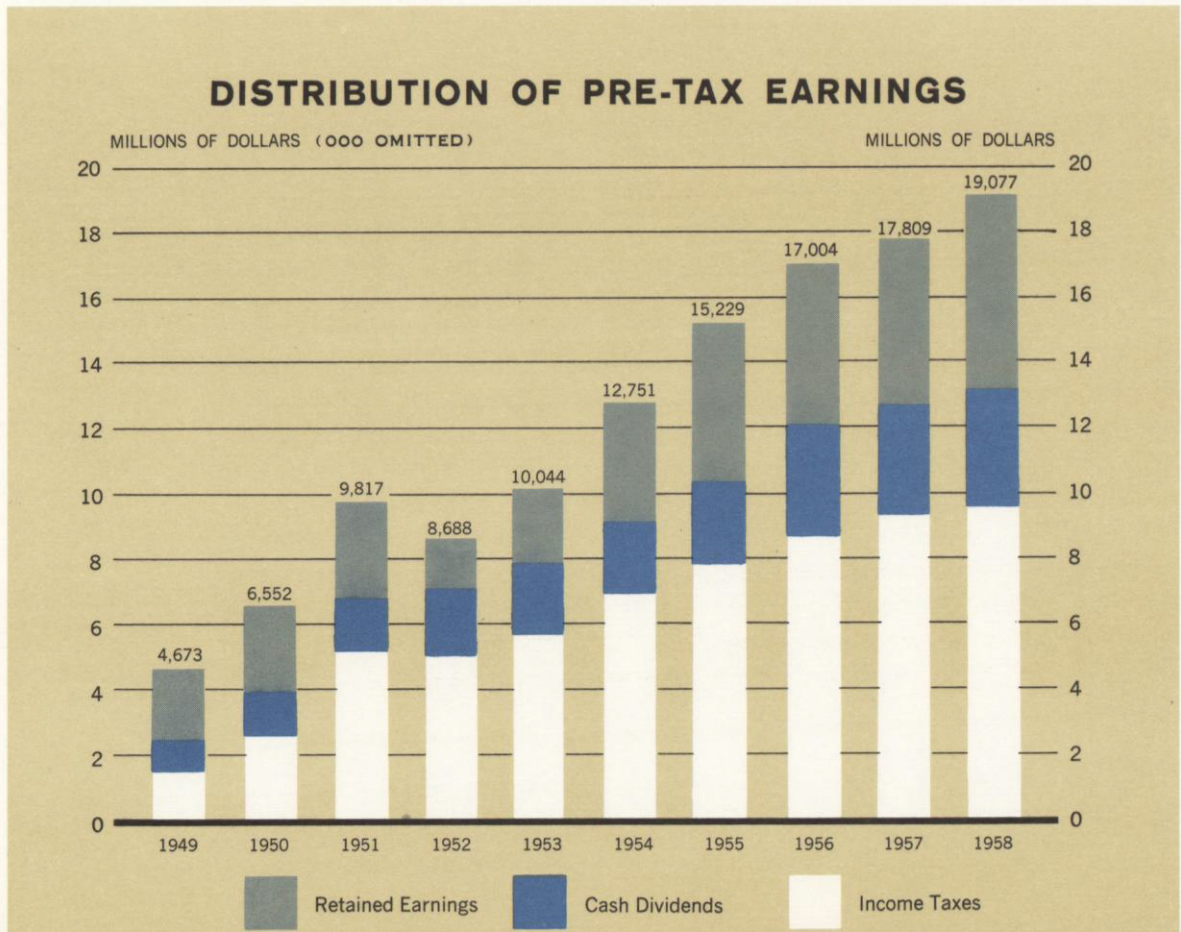
Review of Operations

FOOD FAIR PROPERTIES

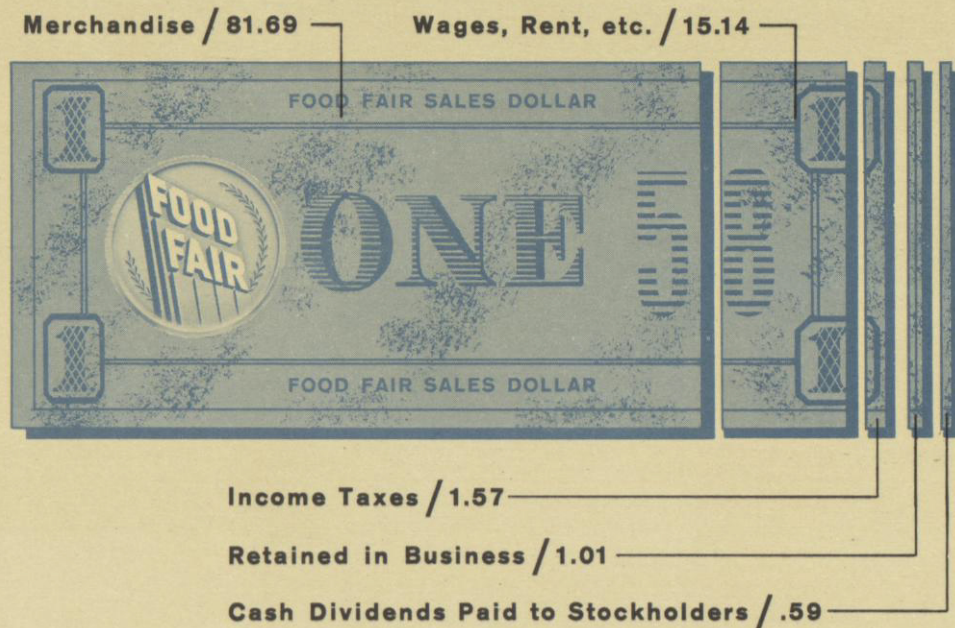
Your Company maintained its proportionate interest in the common stock of Food Fair Properties, Inc. through the exercise of its rights to purchase, at the subscription price of \$2 per share, 1,111,111 additional shares, in December, 1957. Food Fair Properties is now operating fifteen completed shopping centers. Five more under construction are in partial operation. An additional fifteen sites are available for development. Four of these sites will shortly be placed under development and are expected to be completed during 1959. Your Company has taken advantage of its right of first refusal of supermarket sites in the centers completed and those under construction.

NON-FOODS OPERATIONS

During 1957-58, Food Fair continued experimenting in the extension of non-foods operations. Pilot operations were continued in conjunction with three supermarkets on the West coast of Florida. In May, the experiments were extended to two large stores on the East coast of this state. These stores, which offer apparel, housewares, small appliances, and other non-foods items, have been established to help determine how the supermarket technique can be applied to the retailing of non-foods. Results to date, while inconclusive, suggest that a great deal must be done by manufacturers in the line of packaging and pre-selling their products in a fashion similar to that developed over the years by food processors and packers in cooperation with the supermarket industry.



WHERE THE FOOD FAIR SALES DOLLAR GOES



The Board of Directors on December 16, 1957, elected D. Frederick Barton a director of the Company. Mr. Barton, a partner in Eastman Dillon, Union Securities & Co., succeeds James P. Magill who in March, 1957, resigned as a general partner to become a limited partner in that investment banking firm. Mr. Magill's retirement as a Food Fair director was consummated after many years of valuable service for which the Company is deeply indebted.

NEW DIRECTOR

As indicated in the following pages, Food Fair is scheduling for fiscal 1958-59 the biggest year of expansion in the Company's history of constant expansion. This ambitious program, pursued in the face of unsettled general business conditions, signifies plainly the confidence with which the management views the outlook for the level of disposable personal income and the need for super-market operation as an instrument of progressive retail food merchandising.

OUTLOOK

The annual meeting of Food Fair Stores shareholders will be held on August 19, 1958, at 2 P.M., in the North Garden Room of the Bellevue-Stratford Hotel, Philadelphia, Pennsylvania. Your management trusts that all shareholders who can conveniently do so will attend. For the benefit of those who cannot be present in person, a summary of the proceedings will be mailed to all shareholders.

ANNUAL MEETING

Enclosed with this report are a notice of the annual meeting, a proxy, and a proxy statement. Shareholders unable to attend the meeting are urged to date, sign, and return the enclosed proxy in accordance with instructions appearing on the form, so that their shares may be represented.

TEN-YEAR STATISTICAL SUMMARY

Food Fair Stores, Inc. and Subsidiary Companies

YEAR ENDED	NUMBER OF STORES AT END OF YEAR	SALES (000 OMITTED)	NET INCOME BEFORE TAXES ON INCOME	FEDERAL AND STATE INCOME TAXES
APRIL 26, 1958	295	\$600,963	\$19,077,117	\$9,450,394
April 27, 1957	273	545,141	17,809,430	\$9,184,826
April 28, 1956	238	475,198	17,004,552	8,401,518
April 30, 1955	216	410,053	15,229,599	7,856,198
*May 1, 1954	196	348,215	12,751,907	6,950,801
April 25, 1953	162	292,660	10,044,840	5,508,922
April 26, 1952	151	259,591	8,688,705	4,803,425
April 28, 1951	123	205,643	9,817,112	5,107,223
April 29, 1950	113	164,626	6,552,021	2,529,243
*December 31, 1948	105	142,036	4,459,220	1,673,927

*53 Weeks

NOTE: The 17-week period from January 1, 1949 to April 30, 1949 is not included in the above table. Net income for this period amounted to \$1,038,153.



NET INCOME	CASH DIVIDENDS	EARNINGS RETAINED	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL	TOTAL ASSETS	NET WORTH
\$9,626,723	\$3,528,565	\$6,098,158	\$60,412,633	\$30,091,893	\$30,320,740	\$119,213,420	\$56,073,545
8,624,604	3,443,725	5,180,879	53,524,118	23,914,901	29,609,217	108,090,558	50,209,497
8,603,034	3,347,348	5,255,686	50,551,974	18,181,912	32,370,062	96,350,424	45,374,411
7,373,401	2,565,459	4,807,942	46,675,723	16,024,596	30,651,127	88,143,542	39,104,645
5,801,106	2,183,051	3,618,055	39,651,946	14,438,039	25,213,907	78,726,247	33,853,502
4,535,918	2,117,781	2,418,137	37,518,200	12,226,354	25,291,846	67,993,826	30,612,678
3,885,280	2,076,823	1,808,457	27,002,320	12,725,919	14,276,401	53,376,631	28,408,965
4,709,889	1,779,490	2,930,399	24,560,940	7,350,676	17,210,264	43,889,595	26,701,983
4,022,778	1,214,214	2,808,564	19,376,166	4,310,351	15,065,815	31,394,570	17,756,622
2,785,293	807,233	1,978,060	15,588,968	5,017,396	10,571,572	24,240,303	13,879,221



CONSOLIDATED STATEMENT OF EARNINGS

Food Fair Stores, Inc. and Subsidiary Companies

	FOR THE YEAR (52 WEEKS) ENDED	
	<u>APRIL 26, 1958</u>	<u>APRIL 27, 1957</u>
Sales	\$600,963,819	\$545,141,484
Cost of sales	<u>490,900,167</u>	<u>441,502,742</u>
Gross profit from sales	\$110,063,652	\$103,638,742
Operating expenses	<u>92,084,212</u>	<u>86,402,490</u>
Profit from operations	\$ 17,979,440	\$ 17,236,252
Other income	<u>2,305,716</u>	<u>1,726,448</u>
Profit before interest expense	\$ 20,285,156	\$ 18,962,700
Interest expense	<u>1,208,039</u>	<u>1,153,270</u>
Net income before Federal and State taxes on income	<u>\$ 19,077,117</u>	<u>\$ 17,809,430</u>
Federal and State taxes on income:		
Federal	\$ 8,916,109	\$ 8,697,989
State	<u>534,285</u>	<u>486,837</u>
Total Federal and State taxes on income	<u>\$ 9,450,394</u>	<u>\$ 9,184,826</u>
Net income	<u>\$ 9,626,723</u>	<u>\$ 8,624,604</u>

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Food Fair Stores, Inc. and Subsidiary Companies

	<u>APRIL 26, 1958</u>	<u>APRIL 27, 1957</u>
CURRENT ASSETS		
Cash	\$17,238,584	\$15,331,556
Accounts receivable	3,440,295	2,422,288
Inventories, at lower of cost or market	35,618,073	32,385,798
Prepaid expenses	1,155,619	1,002,962
Properties completed and under construction covered by commitments to purchase and lease back, net of payments received on account—1958, \$7,000,000	2,960,062	2,381,514
	<u>\$60,412,633</u>	<u>\$53,524,118</u>
LESS: CURRENT LIABILITIES		
Accounts payable	\$13,620,744	\$11,236,970
Accrued salaries and expenses	8,928,683	7,417,150
Debenture sinking fund installments payable (Note 1)	227,000	
Federal and State income taxes payable, less United States Treasury Bills—1957, \$2,977,575	7,315,466	5,260,781
	<u>\$30,091,893</u>	<u>\$23,914,901</u>
WORKING CAPITAL	<u>\$30,320,740</u>	<u>\$29,609,217</u>
OTHER ASSETS		
Investments, at cost:		
Capital stock—Food Fair Properties, Inc.	4,244,444	2,022,222
Other	1,576,107	1,360,630
Land, at cost	8,078,896	8,242,091
Buildings and improvements, at cost, less allowance for depreciation—1958, \$8,949,139; 1957, \$7,608,035	20,483,677	20,773,935
Fixtures and equipment, at cost, less allowance for depreciation—1958, \$16,117,717; 1957, \$12,710,125	22,844,480	20,494,565
Miscellaneous other assets	1,573,183	1,672,997
	<u>\$89,121,527</u>	<u>\$84,175,657</u>
DEDUCT		
Mortgages payable, due after one year	\$ 5,912,963	\$ 5,629,677
Fifteen-year sinking fund debentures, 3%—due January 1, 1965 (Note 1) ..	5,675,000	6,116,000
Twenty-year sinking fund debentures, 3½% — due September 1, 1974 (Note 2)	19,258,000	19,899,000
Liability for redemption of trading stamps, less estimated current amount included in accrued expenses	1,200,000	1,500,000
Amounts received on subscriptions to shares of common stock pursuant to employees' stock purchase plan—1958, 72,455 shares; 1957, 72,645 shares.	1,002,019	821,483
	<u>\$33,047,982</u>	<u>\$33,966,160</u>
NET ASSETS	<u>\$56,073,545</u>	<u>\$50,209,497</u>
DERIVED FROM		
Capital stock:		
Preferred (Note 4)	\$ 6,232,500	\$ 6,547,500
Common (Note 5)	3,287,494	3,190,736
Surplus:		
Capital	26,708,854	22,955,629
Earned (Note 3)	19,844,697	17,515,632
	<u>\$56,073,545</u>	<u>\$50,209,497</u>



CONSOLIDATED STATEMENT OF SURPLUS

Food Fair Stores, Inc. and Subsidiary Companies

CAPITAL SURPLUS

Capital surplus—April 27, 1957		\$22,955,629
ADDITIONS		
Excess over par value of 95,723 shares of common stock issued as a stock dividend	\$3,673,370	
Excess of stated value over cost of 3,150 shares of cumulative preferred stock retired	43,087	
Excess over par value of proceeds received from issuance of 1,035 shares of common stock through exercise of employees' stock options	36,768	3,753,225
CAPITAL SURPLUS—APRIL 26, 1958		<u>\$26,708,854</u>

EARNED SURPLUS

Earned surplus — April 27, 1957		\$17,515,632
ADDITION		
Net income for the year (52 weeks) ended April 26, 1958		9,626,723
Total		<u>\$27,142,355</u>
DEDUCTIONS		
Dividends paid:		
In stock:		
95,723 shares of common stock	\$3,769,093	
In cash:		
Preferred stock \$4.20 per share	\$ 265,808	
Common stock \$1 per share	3,262,757	3,528,565
EARNED SURPLUS—APRIL 26, 1958		<u>\$19,844,697</u>

NOTES TO FINANCIAL STATEMENTS

The following notes are applicable to the Financial Statements as at April 26, 1958. Reference is made to previously issued report for the notes applicable to the statements as at April 27, 1957.

NOTE 1

These debentures are subject to repayment through sinking fund operations on each interest payment date in the following principal amounts: to and including July 1, 1960, \$225,000; thereafter, to and including July 1, 1964, \$300,000.

NOTE 2

These debentures are subject to repayment through sinking fund operations beginning September 1, 1958, and on each interest payment date thereafter in the following principal amounts: to and including March 1, 1963, \$300,000; thereafter, to and including March 1, 1969, \$400,000; thereafter, to and including March 1, 1974, \$500,000. The sinking fund requirements for the fiscal year ending May 2, 1959 have been anticipated.

NOTE 3

The indentures covering the issuance of the debentures described in Notes 1 and 2, above, contain restrictions as to the payment of cash dividends and the redemption of shares of stock of the Corporation. The maximum amount of earned surplus so restricted at April 26, 1958, was \$13,558,429.

NOTE 4

Preferred stock is \$4.20 cumulative, \$15 par value; 142,615 shares are authorized, of which 77,615 shares were issued, and 62,325 are outstanding. The Corporation is obligated to set aside \$120,000 semi-annually as a sinking fund for the redemption of the preferred stock, which may be called for this purpose at \$100 per share, plus accrued dividends. In addition, the Corporation may, at its option, call for redemption, all or any part of the preferred stock at a maximum price of \$101 per share, plus accrued dividends. Holders of this stock are entitled to preference of \$100 per share in involuntary liquidation.

NOTE 5

Common stock is \$1 par value; 10,000,000 shares are authorized, of which 3,287,494 shares are issued and outstanding.

At April 26, 1958, 72,455 shares of common stock were reserved for issuance pursuant to Employees' Stock Purchase Plan.

On May 27, 1958, the board of directors voted to split the common stock three shares for two by issuing one additional share of stock for each two shares held by stockholders at the close of business July 11, 1958. The distribution date is August 15, 1958.

On November 27, 1956, the company, under an employees' restricted stock option plan, granted options to certain employees and officers to purchase 203,321* shares of common stock at \$36.52*, \$40.82* and \$47.26* per share, such prices being 85%, 95% and 110%, respectively, of the market price on that date. The options are exercisable on a cumulative basis, at the rate of 20% per annum after November 27, 1957, and expire on November 27, 1963. To April 26, 1958, options for 2,581* shares were cancelled and options for 1,035* shares were exercised, leaving 199,705* shares under option at that date. In connection therewith, 99,853 shares of common stock are reserved for issuance upon exercise of these options as a result of the stock split.

(*Adjusted to give effect to 3% stock dividend in August, 1957)

NOTE 6

Costs and expenses include depreciation and amortization of \$5,475,641 and \$4,593,960 for the years ended in 1958 and 1957, respectively.

NOTE 7

The Company rents the majority of the premises occupied. At April 26, 1958, the minimum annual rental for such premises under 242 leases expiring more than 3 years after that date amounted to approximately \$5,196,000 plus, in some instances, certain taxes, insurance, and other expenses.

LAVENTHOL, KREKSTEIN & CO.

Certified Public Accountants

The Board of Directors
Food Fair Stores, Inc.

1528 Walnut Street
Philadelphia 2, Pa.

We have examined the consolidated statement of financial condition of Food Fair Stores, Inc. and its wholly-owned subsidiary companies at April 26, 1958, and the consolidated statements of earnings and surplus for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition, and related consolidated statements of earnings and surplus present fairly the consolidated position of the companies at April 26, 1958, and the consolidated results of their operations for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Pattern for Growth

From the beginning, Food Fair's growth pattern has been essentially self-generated. The bulk of growth, by far, has been Food Fair's own doing, from locating the site, through construction of the supermarket, to the staffing and operation by personnel trained within the ranks of the Company.

Food Fair's sights are set at 50 new supermarkets in the current fiscal year. This is a complicated undertaking. Just to build, equip, and stock these markets will require many millions of dollars, together with the coordinated efforts of hundreds of men and women in the store operations, real estate, research, store planning and industrial engineering, and construction departments, to mention a few.

The work which precedes the opening of each new supermarket is a mammoth task. There must also be resolved efficiently the tasks of training each store's employes, handling the logistics involved in supplying the store on a continuing basis from its distribution center, extending the central staff functions of tabulating, cash control, accounts payable and other functions, as well as tying in the operations of the advertising, sales promotion, public relations, store control, insurance, maintenance, and other departments.

REAL ESTATE

Proper store location is essential to success. It falls to the Real Estate staff to assure that, so far as is humanly possible, a new Food Fair supermarket will be located on the right side of the right street in the right area of the right community.

For every site finally selected, the Real Estate Department examines as many as twenty. With fifty stores planned for construction during the coming fiscal year, Real Estate must evaluate perhaps 1000 sites. Since each site represents a large investment, the evaluation is careful, thorough and scientific.

If, on the basis of a field survey, a prospective site looks promising, the research section of the Real Estate Department makes a thorough location analysis. Traffic data and driving time is ascertained and each site is plotted, depending upon its own particular characteristics, with respect to the number of families within a one, two or five mile radius.

In the meantime, the Construction Department studies the site, its contours, and the availability of utilities, and takes test borings to determine the cost of preparing the site and laying the market's foundation.

Other studies which are carried on concurrently concern cost of site and construction, zoning, and an evaluation of competition, existing and potential. Essential also is the site's relation to the chain as a whole. The driving time between the nearest Food Fair distribution center and the proposed new unit is an important factor.

Once a supermarket site is judged acceptable, it becomes the task of the Store Planning Department to tailor the structure to the need. The existing pattern of environmental architecture must be considered. Food Fair does not hew to a single standard exterior design when building its supermarkets.

Store design is determined by its function. The size of a store, its layout and the parking facilities—which are an integral part of all Food Fair supermarkets—follow a basic formula which has been developed over the years. Through constant experimentation, statistics with regard to such things as the height of gondolas, grocery fixtures, the proportion of frozen food counters to store area, and the relative location of departments within the store have been determined on a basis which has proven most efficient and practical. With these factors as a guide, a store is designed from the inside out, the walls and roof of the building conforming to the operation.

In cooperation with industrial engineers, architects draw their plans, and Food Fair's own Construction Department supervises the building of the new stores. With the current fiscal year's program contemplating 50 new supermarkets, this department alone is a multi-million dollar a year business.

The opening of a new supermarket is a far-reaching project, in itself. Planning for the opening begins weeks, even months, in advance. The rousing send-off accorded each new store is an essential business procedure. Its purpose is to attract customers and to become acquainted with a community upon which the store must depend for its successful existence.

For example, ceremonies attending the opening on May 21, 1958, of Food Fair's 300th supermarket included the "planting" of a "time capsule" containing items ranging from a film of Philadelphia to a guide for space travelers,

STORE PLANNING

NEW STORE PROMOTION



The milestone 300th unit looks to the future. The time capsule being sealed by Marc Friedland, grandson of Food Fair's founder, is to be reopened in 2000 A.D. at Food Fair's 80th anniversary. Assisting him are executive vice president Myer B. Marcus (left) and vice president Jack M. Friedland.

**NEW STORE
PROMOTION**

deposited by 15 participating civic groups. The capsule was sealed by Marc Friedland, nine year old grandson of the founder of Food Fair Stores, who is scheduled to re-open it in the year 2000, when Food Fair observes its eightieth anniversary.

While publicity and ceremonies may attract customers initially, Food Fair depends upon providing value, service, and convenience to the consumer so that each store continues to sell merchandise that won't come back to customers who will.

**PROCUREMENT
AND
DISTRIBUTION**

Food Fair defines the true supermarket as high sales volume concentrated under one roof. One key to success is efficient buying of merchandise aimed at rapid turnover of inventories. This enables each square foot of store area to yield greater sales to more customers, and thus provide a greater return on capital while permitting low profit margins.

A critical phase in supermarket operation is the balancing of a store's supplies against its needs. Overstocking is expensive, but empty shelves can be more so. The task is complicated by the fact that there are more than 5000 individual items which a supermarket must have available at any particular time, perhaps no two of which are sold in identical volume. These stocks must be supplied with unerring precision and complete dependability every day of every year. The physical handling of the merchandise is the responsibility of the Warehousing and Transportation Department.

To service the chain, this department operates four main distribution depots located in Linden, N. J., Philadelphia, Baltimore and Miami. Into these warehouses each day by box car, truck and ship, roll items from thousands of sources, each of which is coded and stored in specific warehouse locations.

The distribution centers each week handle thousands of store orders. A fleet of tractor-trailers each year travels millions of miles in servicing Food Fair's chain of supermarkets. Much of the warehousing and shipping operations are conducted at night so that perishables, such as produce and seafood, can be moved to the stores in time to be sold at their freshest.

**RESEARCH
AND
CONTROL**

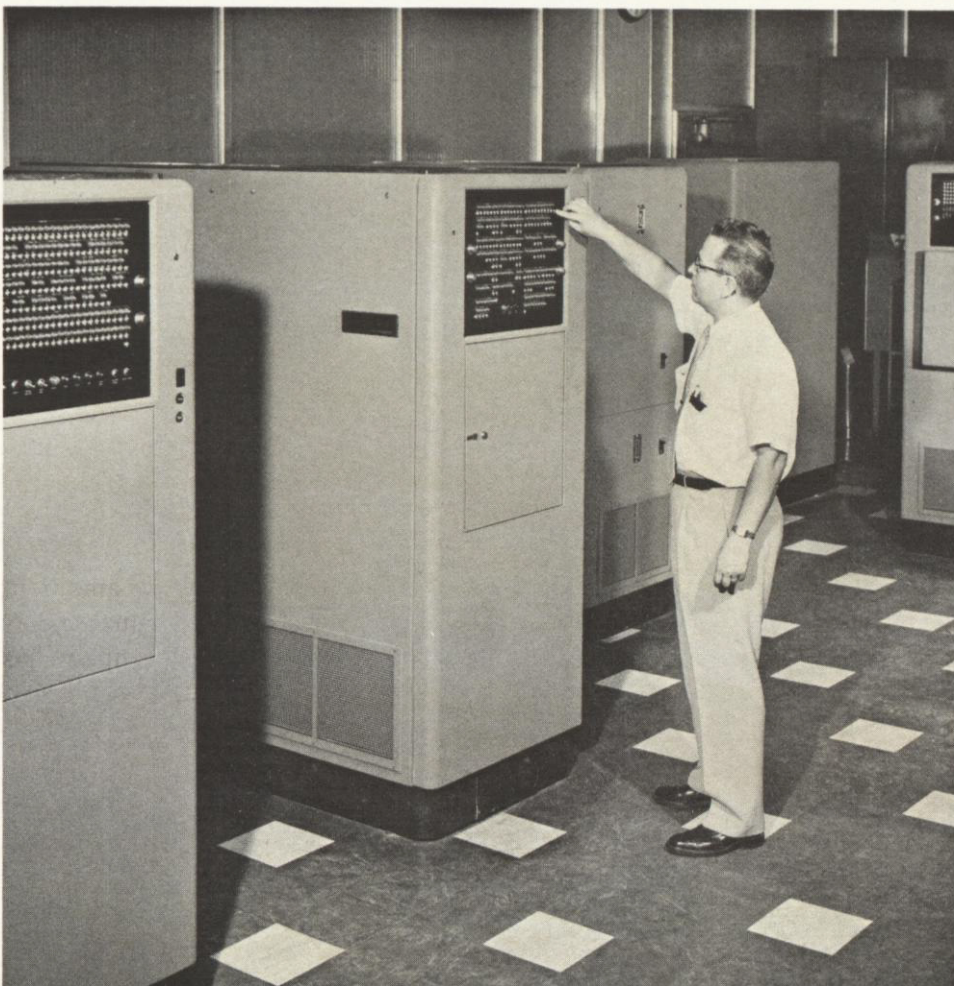
As a business grows and becomes more complex, management requires and demands more precise statistical tools for planning and control. A concomitant of Food Fair's growth has been unceasing emphasis by trained specialists on systematic fact finding, their careful analysis, and the application of the results to planning and problem solving. Each phase of the business is researched and analyzed in this way, providing management with factual bases for operations and planning, and contributing to an efficient internal control program.

Within the Accounting Department, a financial control section supplies Management with studies on cash flow, financial statement analysis, internal audits of subsidiaries, money management, and related financial matters.

Servicing the entire Company in data processing, the Tabulating Department's electronic computer installation, UNIVAC, has aided immeasurably in keeping pace with heavy additional clerical work loads imposed by expansion. Coupling extreme accuracy with high speed handling, the computer installation has enabled Food Fair to resolve efficiently the problem of handling the millions of dollars in cash which daily changes hands in Food Fair supermarkets, in tabulating departmental sales, processing merchandise orders, preparing payrolls, and maintaining current inventory for procurement and control. Research is underway into further applications of this electronic equipment to operating problems.

In the area of marketing, merchandising and operations research and analysis, the Store Control and Research Department supplies management with a flow of analytical findings derived from economic research and statistical analyses. Its activities provide aids to decision with respect to sales and merchandising programs, expense control, and more productive store operations. Working closely with the Real Estate Department, its analysts concentrate on developing more precise site locations research techniques, utilizing the findings of its consumer research studies. This department also carries on marketing and merchandising research studies cooperatively with food industry groups, government agencies, and other outside agencies. These studies are aimed at helping to reduce distribution costs through developing more effective merchandising and operating methods.

RESEARCH AND CONTROL



Modern electronic UNIVAC equipment is utilized to provide the most efficient, speedy, and accurate data processing services for Food Fair's distribution centers and offices, and for its expanding chain of supermarkets.

Pattern for Growth

“Our Company is more than a collection of stores, warehouses, equipment and trucks, as important as they are. It represents the hope and aspirations of men and women in our stores, our buyers, merchandisers and other supervisors, the men in our warehouse and those who run our trucks, people in our accounting, advertising and promotion departments, and others in our offices. I learned a long time ago that Food Fair is people.”

Samuel Friedland, Chairman of the Board and Founder, Food Fair Stores, Inc.

PEOPLE

Despite the marvels of mechanization and electronics, the success or failure of any business enterprise is dependent upon people. Food Fair's most priceless asset is its people—the 18,500 men and women, from chairman of the board to part-time clerk, whose services are essential to Food Fair's success.

In 25 years since the opening of the chain's first supermarket, Food Fair has grown vastly in numbers. Most of those in responsible positions today have started and grown with the chain over the years. Their advancement is a reflection of Food Fair's ability to provide from within the talents and skills necessary for growth.

As a corporation, Food Fair's youth belies its maturity and experience. Its officers range in age from 33 to 62, and their average age is 49. Nonetheless, their experience in the retail food business encompasses a total of 317 years and averages almost 29 years per man.

Food Fair operates on a decentralized principle under which the various branches are completely autonomous with respect to operations. Benefits of decentralized operations are correlated and shared through regular meetings of headquarters and field operating executives, and frequent field visits of headquarters staff members.

Development of the Company's second line management benefits, too, since these branch managers and their staffs, in effect, are performing first line management duties, in their respective branches. Similarly, headquarters departments comprise a second line of experienced executives, who themselves strive to accelerate the development of their subordinates for management responsibilities. In this and comparable ways, the decentralized chain achieves integration, and prepares the seasoned talent required to perpetuate the organization.

A company growing as rapidly as Food Fair attracts people with ambition. Every effort is made to encourage employees to develop their individual talents and aptitudes to the fullest possible extent. For many years the Company has maintained on-the-job training programs for store managers and others. These programs, which extend for 18 months, are conducted by trained instructors,

in Linden, Philadelphia, Baltimore and Miami, and provide the Company with the trained store managers needed by its constant expansion.

In addition to such formal programs, the Company conducts clinics at periodical intervals for its field and headquarters supervisory personnel. The purpose of the clinics is, through a give-and-take exchange of ideas and information, to help supervisory employes broaden their own knowledge, creativity and ingenuity. The clinics provide additional advantage as a two-way communications media between field men and top management.

Still another opportunity for self-development is presented by the self-improvement program sponsored by Food Fair, through which employes are encouraged to undertake formal academic studies related to their endeavors. Employe-students are reimbursed for tuition costs.

As an additional step to help train and develop employes, Food Fair sponsors qualifying employes at Michigan State University for special courses in food distribution. During the past year, three store managers undertook this intensive curriculum. Two younger students were also sponsored by Food Fair for graduate work.

So important are its people that Food Fair last year formalized its employe relations with inauguration of a year-long Food Fair Personality Program. This seeks to develop increasingly in consumers an awareness of being served best at Food Fair markets. Since the public "personality" of Food Fair is in large part a combination and extension of the personalities of its many men and women, employes are being encouraged to appreciate their sense of responsibility and awareness of their role in the business. Through this program, employes are contributing even more significantly to the projection of the distinct Food Fair "personality" as a means of furthering the progress of the Company.

PEOPLE

FOOD FAIR PERSONALITY PROGRAM



The Operations Committee, under chairmanship of the executive vice president (standing), constantly reviews operating problems and policies to keep pace with Food Fair's growth. Average age of these key management men is 47, while their experience in food retailing averages 23 years per man.

**FOOD FAIR
FOUNDATION**

The management of Food Fair Stores, Inc. believes that industry must assume greater responsibility toward providing the nation with a greater resource of educated talent. America has a vast reserve of young men and women whose ability and leadership qualities can be fostered and developed through the educational process. These young minds represent the great hope of our country. They cannot . . . and must not by default . . . retire from the educational process at age 17 or 18.

As a tangible means of expressing this sense of responsibility, Food Fair in 1952 established the Food Fair Stores Foundation whose major endeavor is directed to the support of higher education and to the provision of educational opportunities for capable students. Starting this Fall, Food Fair will make available an expanded scholarship program of 228 grants, offered at 23 colleges during the next four years. Under terms of the program, grants are made to students residing in communities served by Food Fair and to employes and children of employes. Scholarships have been established at the following colleges and universities: Barry College for Women, Brandeis, Columbia, Cornell, Drexel, Fordham, Harvard, Johns Hopkins, La Salle (Phila.), Loyola (Balt.), Penn State, Rutgers, St. John's (Annapolis), St. Joseph's (Phila.), Temple, University of Connecticut, University of Delaware, University of Florida, University of Maryland, University of Miami, University of Pennsylvania, Villanova and Yale.

OFFICERS AND DIRECTORS

OFFICERS

Samuel Friedland.....*Chairman of the Board*
 George Friedland.....*Vice Chairman of the Board*
 Louis Stein.....*President*
 Myer B. Marcus.....*Executive Vice President*
 Arthur Rosenberg.....*Vice President*
 Herman R. Silver.....*Vice President*
 Jack M. Friedland.....*Vice President*
 David T. Friedland.....*Vice President*
 Arnold D. Cohen.....*Vice President*
 Myer M. Gordon.....*Treasurer*
 B. F. Lieber.....*Secretary*
 Joseph Rash.....*Assistant Secretary*
 Samuel Forman.....*Assistant Secretary*
 Abraham Maloff.....*Assistant Secretary*

DIRECTORS

D. Frederick Barton.....Essex Fells, N. J.
 George Friedland.....Philadelphia, Pa.
 Jack M. Friedland.....Philadelphia, Pa.
 Samuel Friedland.....Miami Beach, Fla.
 Myer M. Gordon.....Philadelphia, Pa.
 Hess Kline.....Philadelphia, Pa.
 Myer B. Marcus.....Philadelphia, Pa.
 Arthur Rosenberg.....Philadelphia, Pa.
 Harold W. Scott.....Philadelphia, Pa.
 Herman R. Silver.....Philadelphia, Pa.
 Louis Stein.....Deal, N. J.

EXECUTIVE OFFICES 2223 East Allegheny Avenue, Philadelphia 34, Pennsylvania

GENERAL COUNSEL Stein, Stein & Engel Journal Square Building, Jersey City, N. J.

TRANSFER AGENT Registrar & Transfer Company 50 Church Street, New York, N. Y.
 15 Exchange Place, Jersey City, N. J.

REGISTRAR The Chase Manhattan Bank 40 Wall Street, New York, N. Y.

*Food Fair Stores, Inc.,
 \$4.20 preferred stock
 and common stock are
 fully listed on the
 New York Stock Exchange.*

FOOD FAIR SUPERMARKETS

(as of April 26, 1958)

a PENNSYLVANIA (74)

ALLENTOWN (4)	EAST YORK	NORRISTOWN
BETHLEHEM (3)	ELKINS PARK	PHILADELPHIA (20)
BROOKHAVEN	FLOURTOWN	POTTSTOWN
BROOMALL	GLENSIDE	READING (3)
CAMP HILL	HARRISBURG (5)	SCRANTON
CARLISLE	HAVERTOWN	SHARON HILL
CHESTER (3)	HORSHAM TOWNSHIP	SHILLINGTON
COATESVILLE	JENKINTOWN	SPRINGFIELD
COLUMBIA	LANCASTER (4)	TOWNSHIP
DOWNINGTOWN	LEBANON (2)	WEST CHESTER
DREXEL HILL	LEMOYNE	WEST READING
EASTON	LEVITTOWN (2)	YORK (3)

b FLORIDA (69)

CLEARWATER (2)	HIALEAH (4)	POMPANNO BEACH
CORAL GABLES (4)	HOLLYWOOD (4)	RIVIERA BEACH
CUTLER RIDGE	HOMESTEAD	ST. PETERSBURG (2)
DANIA	KEY WEST	SURFSIDE
DELAND	LAKE WORTH	TAMPA (2)
DELRAY BEACH	MIAMI (23)	WEST PALM BEACH (2)
FORT LAUDERDALE (7)	MIAMI BEACH (5)	WILTON MANORS
FORT PIERCE	MIAMI SPRINGS	WINTER PARK

c NEW JERSEY (69)

ATLANTIC CITY (2)	HADDON TOWNSHIP	NUTLEY
BERGENFIELD	HAMILTON	OLD BRIDGE
BOUND BROOK	TOWNSHIP (2)	PACKANACK LAKE
BRIDGETON	HIGHLAND PARK	PASSAIC
CAMDEN (2)	IRVINGTON (2)	PATERSON (2)
CLIFTON (2)	JERSEY CITY (3)	PERTH AMBOY
COLONIA	LAWRENCE TOWNSHIP	PHILLIPSBURG
COLLINGSWOOD	LIVINGSTON	POINT PLEASANT
COLUMBUS	LODI	RIDGEWOOD
DOVER	MADISON TOWNSHIP	ROSELLE
EAST ORANGE	MIDDLETOWN	TEANECK
ELIZABETH (3)	MONTCLAIR	SALEM
ENGLEWOOD	MORRISTOWN	TOMS RIVER
ERLTON	NEPTUNE CITY	TRENTON (2)
EWING TOWNSHIP	NEW MILFORD	UNION
FAIR LAWN	NEWARK (4)	VINELAND
GLASSBORO	NEW BRUNSWICK	WEST NEW YORK
FORT LEE	NORTH ARLINGTON	WESTVILLE
HACKENSACK	NORTH BERGEN	

d MARYLAND (35)

BALTIMORE (20)	DUNDALK	GLEN BURNIE
BALTIMORE COUNTY (2)	EASTON	LUTHERVILLE
BROOKLYN	ESSEX	PIKESVILLE
CATONSVILLE	FREDERICK	TOWSON
COLLEGE PARK	HAGERSTOWN	WHEATON

e NEW YORK (32)

ASTORIA	FREEPORT	MASSAPEQUA
BAYSIDE	FRESH MEADOWS (2)	NEW YORK (3)
BETHPAGE	GARDEN CITY	PEARL RIVER
EAST MEADOW	GREAT NECK	PLAINVIEW
FLORAL PARK	HICKSVILLE	OCEANSIDE
FAR ROCKAWAY	JACKSON HEIGHTS	QUEENS VILLAGE
FLUSHING	LEVITTOWN (2)	STATEN ISLAND
FOREST HILLS	LYNBROOK	WHITESTONE
FRANKLIN SQUARE	MANHASSET	NEW HYDE PARK (2)

f DELAWARE (7)

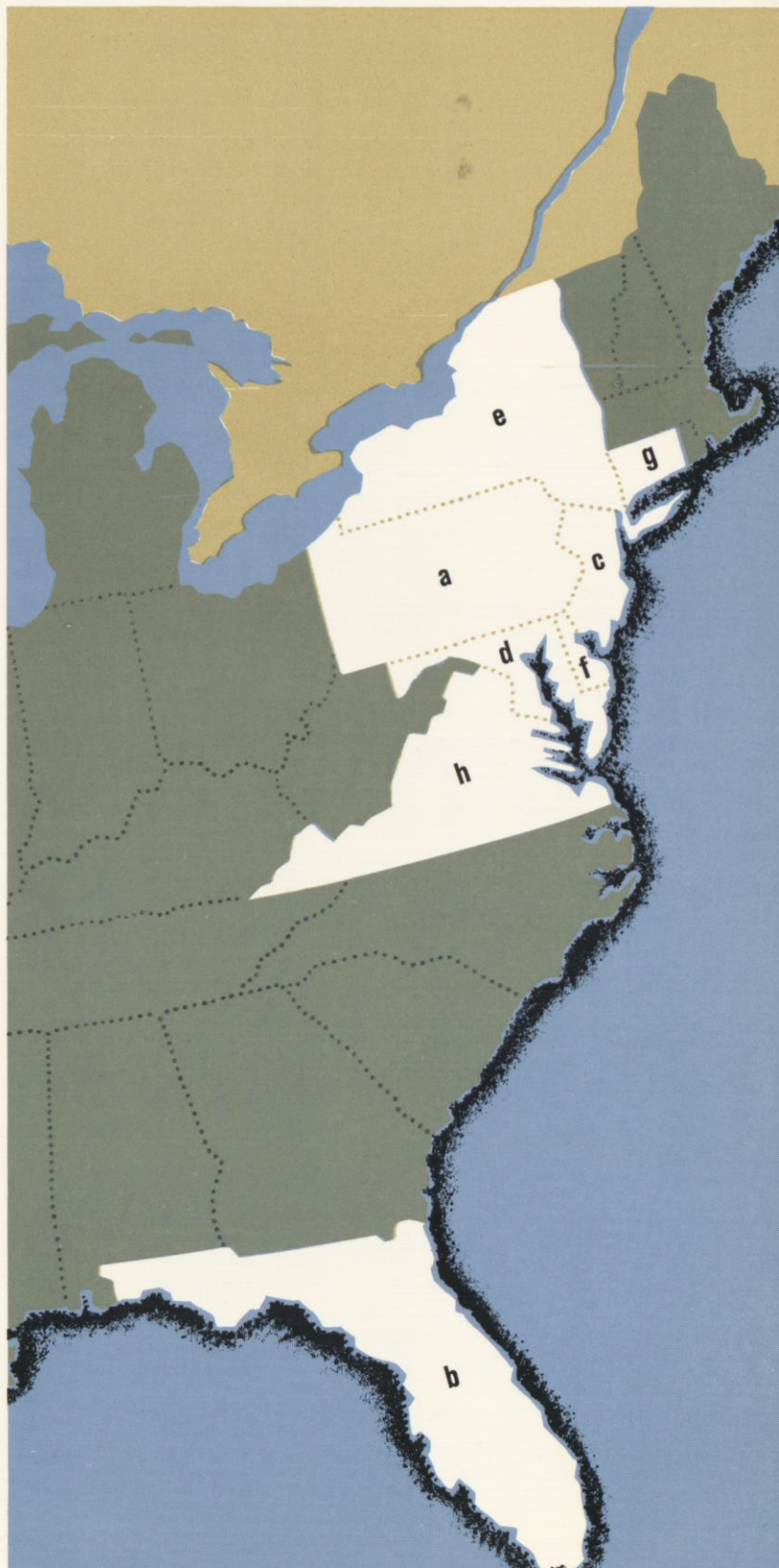
BROOKSIDE	NEW CASTLE	WILMINGTON (2)
CLAYMONT	RICHARDSON PARK	WILMINGTON MANOR

g CONNECTICUT (6)

FAIRFIELD	STAMFORD (3)	WESTPORT
NORWALK		

h VIRGINIA (3)

ARLINGTON	FALLS CHURCH	NORFOLK
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FOOD FAIR STORES, INC.